

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



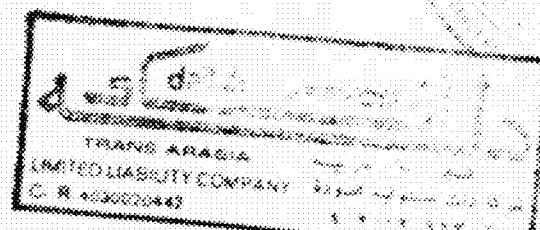
CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

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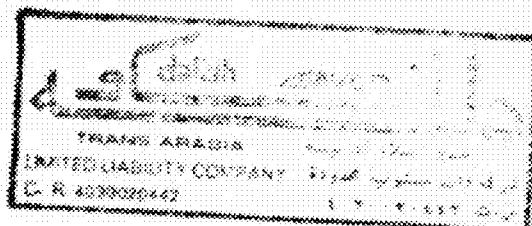


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6 DEFINITIONS OF BILLING DOCUMENTATION

6-1 Introduction

This attachment contains definitions of documentation to be furnished by the Contractor to the Government in support of the Contractor Invoices for Man-months, Logistics and Special Cost Items. It is understood and agreed that the Government has the right to require changes in the organization and format of the information contained herein.

6-2 Technical and Technical-Support Man-month Services Monthly Supporting Documentation

6-2-1 Man-month Invoice Summary by Level

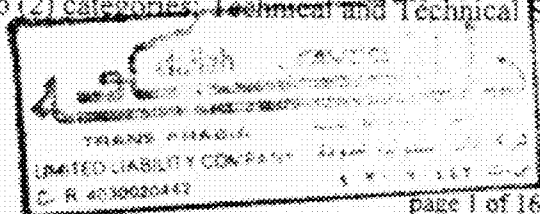
A monthly computer printout billing summary of technical and technical support employees by billing levels, containing billable days, billable man-months, man-month rate, and total Saudi Riyal man-month billing.

6-2-2 Man-month Invoice Summary by Location and Task

A monthly computer printout containing a list of technical and technical support employees organized by task and location. The list shall contain billable days, billable man-months, man-month rate, and total Saudi Riyal man-month billing, consisting of name, badge number, hire date, location, job code, job title, and period-end date.

6-2-3 Man-month Invoice Details

Details of Technical and Technical Support billing organized by tasks and location, consisting of badge number, employee's name, billing level, hire date, job code, job title, period-end date, billable days and billable man-months. The detail shall be divided into two (2) categories: Technical and Technical Support Employees.



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6-2-4 Billing New Hires Report

A monthly detail billing report for employees hired during the month, organized by task, indicating badge number, name, date of arrival in-Kingdom (as applicable), date of hire, job code, location, job title, period-end date and number of days billed. This report shall be supported by copies of letters of introduction and authorization for hired employees.

6-2-5 Employees New Hires Arrival Report

A monthly report indicating employee arrivals during the month, organized by task, indicating badge number, name, job code, job title, location, date of hire and date of arrival in-Kingdom (as applicable). The report shall be supported with copies of PCA hiring authorization applicable to each new employee.

A report is divided into two (2) categories, Technical and Technical Support Employees.

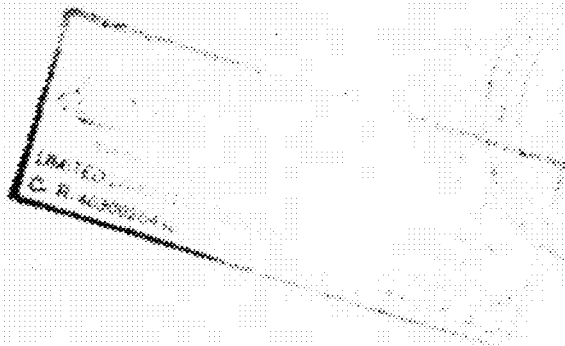
6-2-6 Billing Separated Employee Report

A monthly report covering all separated employees billed during the month. The report shall be organized by task, indicating badge number, name, date of hire, last date worked, last billed rate, current month billing days by type (i.e., regular, sick leave, vacation and holidays) and reason for separation.

6-2-7 Employee Separation Report

A monthly report indicating employee separations. The report shall be organized by task, indicating badge number, name, job title, job code, location, task, last date worked, effective date of separation and reason for separation.

The report shall be divided into two (2) categories, Technical and Technical Support Employees.



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6-2-8 Reassignment Report

A monthly report listing changes in billing levels, positions, and locations of assignment for employees effected during the applicable month, supported by a copy of the applicable Government letter authorizing or directing such a change. The report shall be organized by task, indicating previous job code, new job code, badge number, name, previous level, new level, hire date, effective date of reassignment, job title, new job title, previous location, new location and period-end date.

6-2-9 Comparative Cost Schedule by Level

A monthly report for comparing the last twelve (12) months of man-month billing amounts, organized by technical and technical support billing levels indicating the number of man-months for the current month and billing rates compared to the previous twelve (12) month period. -

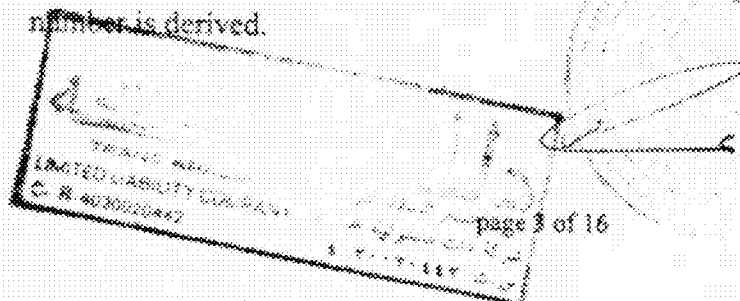
6-2-10 Billing Adjustment Report

A monthly report detailing current man-month billing adjustments from a previous period billed. The report shall be organized by task, indicating badge number, name, level, hire date, job code, job title, period-end date, billable days, billable man-months and man-month adjustment, giving reference to the invoice numbers in which previous credit or debit were made. The report shall be supported by debit and credit notes applicable to the adjustments.

6-2-11 Employees Personnel Roster

A monthly computer printout listing of the active Contractor employees currently on the program. This list shall be organized by task and indicate job code, job title, billing level, badge number, name of employee, nationality and hire date.

The report shall also include the number of authorized positions, the number of filled positions and the percentage (%) of positions filled; the number of authorized positions shall be referenced to Contract Change Orders, as applicable, from which the current number is derived.



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6-2-12 Man-month Funding Reconciliation

A monthly report summarizing the total amounts funded for man-months, total man-month invoices paid, date paid, cheque number, outstanding man-month invoices and balance of funding. The report shall be balanced and summarized monthly by Contract year and Government fiscal year.

6-3 Technical and Technical Support Man-month Services Annual Reconciliation Documentation

6-3-1 Income Tax Clearance Certificate

The Contractor shall present a certificate issued by the Department of Zakat and Income Tax (DZIT) indicating payment of taxes. The preliminary certificate issued when tax payment is made shall be presented with annual reconciliation documentation. The final certificate which will be issued after audit and acceptance by DZIT and shall be submitted to the Government by the Contractor upon receipt.

6-3-2 Annual Man-month Billing Summary

An annual report summarizing the man-month yearly costs and number of man-months.

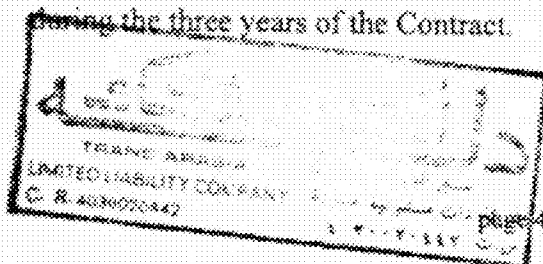
6-3-3 Annual Summary of Claims

An annual summary of the Contractor's outstanding claims, if any. This documentation shall also set forth the action or monetary compensation, or both, to equitably resolve the claim.

6-4 Technical and Technical Support Man-month Services Final Reconciliation Documentation

6-4-1 Final Man-month Billing Summary

A report summarizing the man-month costs and number of man-months expended during the three years of the Contract.



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6-4-2 Accrued Entitlement Report

A report providing the value in Saudi Riyals of entitlements as described in Articles 2-18 and 2-20 of Exhibit H accrued but not utilized by Contractor man-month employees and to be billed to the Government upon expiration of the Contract period.

6-5 In-Kingdom Logistics Services/Monthly Supporting Documentation

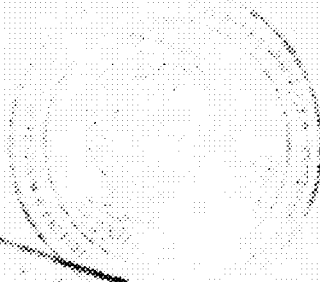
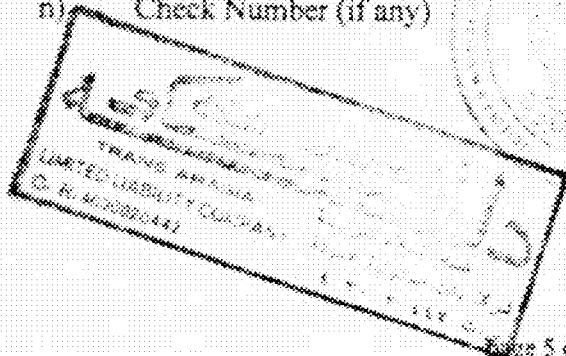
6-5-1 In-Kingdom Logistics Invoice Summary

A summary of the invoice cost by Sector showing both the property and consumable item costs and total divided by Sectors.

6-5-2 In-Kingdom Logistics Invoice Details - Property and Controllable Report

A computer printout of property and controllable items invoiced. The amounts invoiced shall be listed as follows and organized by cost code and site:

- a) Item Number
- b) Site Code, Sector
- c) Purchase Requisition, Purchase Order Number
- d) Date Paid
- e) Vendor Name
- f) Receiving Report Number - Form 1 and Form 2
- g) Description
- h) Number of Units Ordered
- i) Unit Cost in Saudi Riyals
- j) Total Quantity of Units Received
- k) Total Amount in Saudi Riyals or other Currencies
- l) Voucher Number
- m) Account Cost Code
- n) Check Number (if any)



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6-5-3 In-Kingdom Logistics Invoice Details - Consumable and Services Report

A computer printout of all consumable and services invoiced and presented as defined in Article 6-5-2 of this Attachment.

6-5-4 In-Kingdom Logistics Invoice Details - All Inclusive Report

A computer printout of all inclusive items, property, consumable and services invoiced and presented as defined in Article 6-5-2 of this Attachment.

6-5-5 Receiving Report

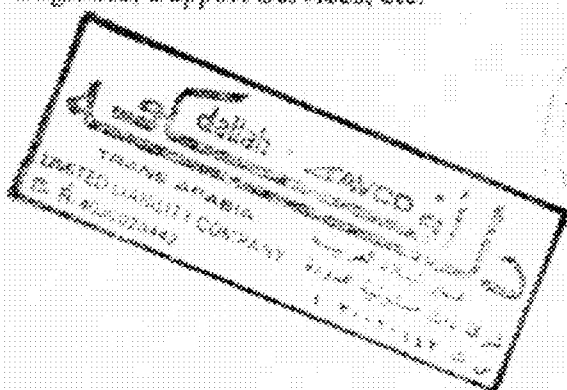
The Receiving Report is the Form 2 document issued by the PCA-AE Stores Office confirming the receipt of the materials shipped and supplied. It shall be signed by the designated representatives of PCA.

6-5-6 Billing Adjustment Report

A report attached to the invoice detailing In-Kingdom billing adjustments from a previous period billed (if any). The report shall be organized as in Article 6-5-2 showing debit or credit made, number of invoice, previous invoices affected and full explanation of adjustments made.

6-5-7 Logistics Funding Reconciliation

A monthly report summarizing the total amounts funded for logistics, total logistics invoices paid, date paid, PCA Cheque No., outstanding logistics invoices and balance of funding. The report shall be balanced and summarized monthly by Contract year and Government fiscal year covering - all logistics billings, i.e. Overtime, Out-of-Kingdom Logistics, Support Services, etc.



6-5-8 Miscellaneous Disbursement Authorization (Field Operating Fund)

The Miscellaneous Disbursement Authorization shall be used to authorize the purchase made through a Field Operating Fund. The form shall show location, description, cost, vendor, and usage. The complete form shall contain signature blocks for certification of PCA use, authorization by the department head or his designee(s), and receipt of materials or services purchased.

6-5-9 Vendor Invoice

The receipt document issued by the vendor to the buyer confirming the requested item(s), specifying the unit price, discount and the net cost of the payment.

6-5-10 Purchase Requisition

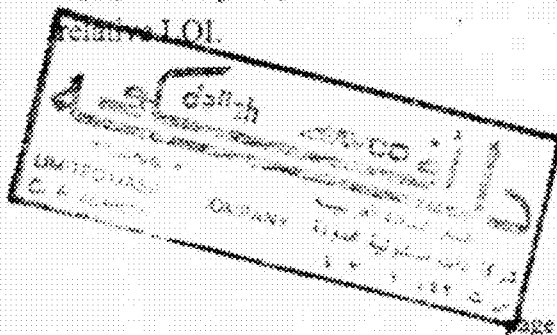
The Purchase Requisition is the authorizing document used by the Government to provide required specifications of materials to be supplied by the Contractor.

6-5-11 Purchase Order

A Purchase Order is a document prepared based on the related Purchase Requisition, and issued to the vendor confirming the details of purchase, including price, technical specifications, commercial terms, and conditions after approval from PCA.

6-5-12 Letter of Instruction (LOI)

A Letter of Instruction (LOI) issued by the Government to the Contractor will be used to request materials and/or services of a special nature to be procured within or out of the Kingdom. The LOI will clearly define requirements, prices, terms and conditions, bonds, Letters of Credit, and all responsibilities of the Government and the Contractor. The Letter of Instruction shall include the requirements for applicable invoices for all equipment, parts, materials and/or services procured by the Contractor pursuant to the relative LOI.



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6-6 In-Kingdom Logistics Services/Annual Billing Reconciliation Documentation

6-6-1 In-Kingdom Logistics Annual Billing Summary

An annual report summarizing the In-Kingdom yearly costs classified as to invoice number and amount.

6-6-2 In-Kingdom Logistics Annual Billing Detail

As defined in Article 6-6-1, but listing all items purchased during the applicable Contract year.

6-6-3 Annual Billing Adjustments Report

Annual report detailing all past credit or debit adjustments as defined in Article 6-5-6 of this Attachment C.

6-6-4 Annual Funding Reconciliation

A financial report showing Contract funding and billing costs, summarized monthly organized both for Contract year, and Government fiscal year, as defined in Article 6-5-7, as applicable to Logistics and covering all Logistics costs.

6-7 Out-of-Kingdom Logistics Services Monthly Supporting Documentation

6-7-1 Out-of-Kingdom Logistics Invoice Summary

A billing report summarized by shipper reference, listing total material costs, transportation costs, handling costs, fees and adjustments, if any. The summary shall be in three (3) groups: a) All Inclusive, b) Property, c) Consumable and Services.



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6-7-2 Out-of-Kingdom Logistics Invoice - Property and Controllable Report

A computer printout organized by shipper reference. Details shall be listed showing purchase order number, item number, Purchase Requisition number, quantity shipped, unit cost, total cost, discount, net value shipped, quantity received, billing amount, Receiving Report number, part number, and classification code, as defined in Article 6-5-2, listing all property and controllable billed items.

6-7-3 Out-of-Kingdom Logistics Invoice Detail - Consumable Services Report

As defined in Article 6-7-2, but listing all consumable and service items.

6-7-4 Out-of-Kingdom Logistics Invoice Detail - All Inclusive Report

As indicated in Article 6-7-2, representing all invoiced items.

6-7-5 Receiving Report

The Receiving Report is the Form 2 document issued by the PCA-AE Stores Office confirming the receipt of the materials shipped or supplied. It shall be signed by the designated representatives of PCA.

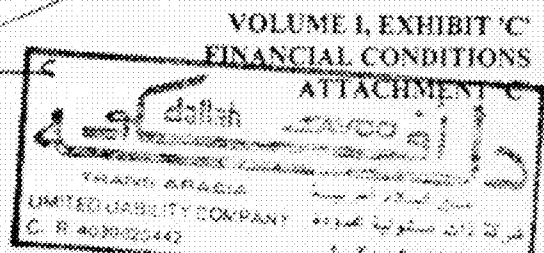
6-7-6 Billing Adjustment Report

A billing report summarizing the adjustment on the invoice. The report shall be detailed by shipper reference and item number showing shortage or overage, unit cost, amount and description, as in Article 6-5-6.

6-7-7 Vendor Invoices

The original invoice consisting of an itemized list from the vendor, showing materials shipped specifying the quantity, description and price, and terms of sale. If the original invoice is not available, the Contractor shall provide three (3) copies certified as true by the Chamber of Commerce and the Royal Saudi Arabian Embassy of the country of procurement.

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6-7-8 Purchase Requisition

As defined in Article 6-5-10 of this Attachment.

6-7-9 Purchase Order

As defined in Article 6-5-11 of this Attachment.

6-7-10 Bill of Lading

The Bill of Lading is the document issued by the freight Forwarders on the materials shipped. The Bill of Lading number shall be indicated on the shipping documents.

6-7-11 Certificate of Origin

The Certificate of Origin is the document certifying the shipment of goods by the shipper to the consignee. The document is certified by the Chamber of Commerce and Saudi Arabian Consulate Office of the country of procurement.

6-7-12 Shipping Document

The shipping document is the list provided by the Contractor of the items shipped. Separate documents are issued for each shipment, detailing item number, description, quantity shipped, unit cost and total cost.

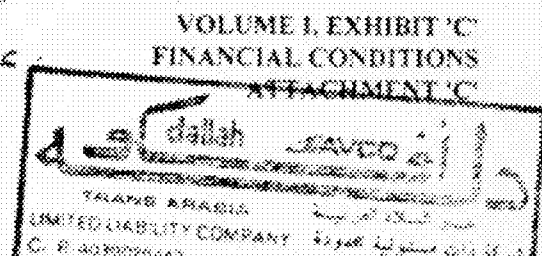
6-7-13 Letter of Instruction (LOI)

As defined in Article 6-5-12 of this Attachment.

6-8 Out-of-Kingdom Logistics Services Annual Reconciliation Documentation

6-8-1 Annual Billing Out-of-Kingdom Summary

An annual report summarizing the Out-of-Kingdom yearly costs classified by invoice number and billing amount.



6-8-2 Annual Out-of-Kingdom Invoice Detail

As defined in Articles 6-7-2, 6-7-3, and 6-7-4, but listing all items purchased during the year under Out-of-Kingdom Logistics.

6-8-3 Annual Billing Adjustment Report

An annual report detailing all past credit or debit adjustments as defined in Article 6-7-6 above.

6-9 Special Cost Item - Technical and Technical Support Man-month Services Overtime/Monthly Supporting Documentation

6-9-1 Overtime Invoice Summary

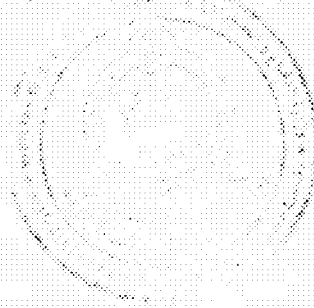
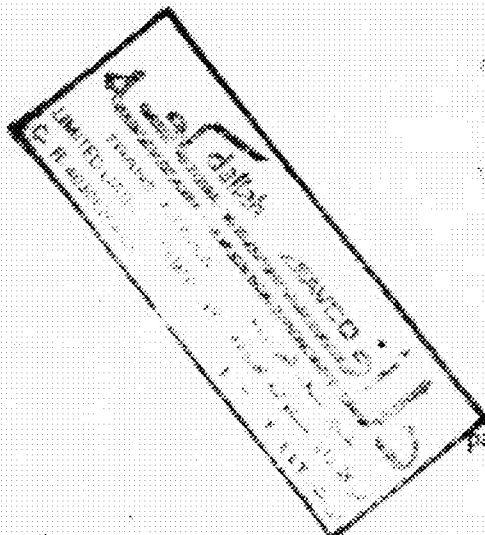
A monthly computer printout organized by level, showing overtime hours, billing date, and Saudi Riyals billing amount.

6-9-2 Overtime Invoice Detail - Technical Employees

Details of Technical billings showing task, badge number, employee's name, level, hire date, job code, job title, period, and overtime hours billed. The detail shall be for Technical Employees organized by task and billing level.

6-9-3 Overtime Invoice Detail - Technical Support Employees

Details of Technical Support billings showing task, badge number, employee's name, level, hire date, job code, job title, period, and overtime hours billed. The detail shall be for Technical Support Employees organized by task and billing level.



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6-9-4 Billing Adjustment Report

A monthly report detailing current overtime hours adjustments from a previous period billed. The report shall be organized by task, indicating badge number, name, level, hire date, job code, job title, period-end date, overtime hours and billing amount adjustment, defining source of adjustments and reasons.

6-9-5 Approved Overtime Authorization

A Government standard Overtime Authorization Form which contains the name, badge number, position/title, overtime hours worked and justification for overtime worked. A separate form shall be provided for each employee who works overtime, for each Contract month. The information entered on the form shall include dates worked.

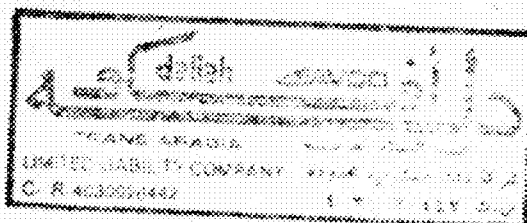
6-9-6 Twelve (12) Month Overtime Hours Analysis - By Level

A monthly computer printout summarizing overtime hours worked for the current and prior 11 months. The report shall be organized by billing level.

6-10 Special Cost Item - Technical and Technical Support Man-month Services Overtime/Annual Reconciliation Documentation

6-10-1 Annual Overtime Hours Analysis Cost Summary

An annual report covering twelve (12) months overtime costs summary, organized by level and showing hours and amounts.



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6-11 Special Cost Item - Support Staff/Monthly Supporting Documentation

6-11-1 Support Staff Invoice Summary

A monthly report indicating Support Staff Invoice billing amounts and summarizing total salaries consisting of, regular salary, overtime, shift premium, severance award, housing allowance, transportation and station allowance, medical costs, airline tickets charges, Saudi Social Insurance, Workmen's Compensation insurance, Contractor fee, and total amount billed. The report shall be organized by task.

6-11-2 Support Staff Invoice Details

A monthly computer printout defining the Support Staff summarized billing amount, organized by badge number and task, including location, name, position number, date of hire, job title, regular salary, overtime, shift premium, severance award, housing allowance, transportation/station allowance, medical costs, airline ticket costs, General Office of Social Insurance (GOSI) costs, Workmen's Compensation insurance, and total salaries and burdens.

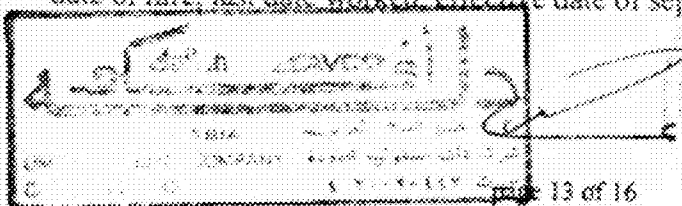
6-11-3 Employees New Hire/Employment Reports and Contracts

A monthly report indicating Support Staff employees hired during the month organized by task and badge number, including name, job number, job title, location, date of hire and first day worked.

Documents attached to the report shall include the letters of introduction, PCA hiring authorization letters and copies of all employees' personal employment contracts, documents and certificates. These said documents shall be presented with the first billing of new hire employees.

6-11-4 Employees Separation Report

A monthly report indicating employee separations. The report shall be organized by task and indicate badge number, name, position number, title, location, task number date of hire, last date worked, effective date of separation and reason for separation.



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Documents attached to the report shall include PCA Directive Termination Letters, Notice of Termination, and Final Settlement worksheet showing itemized payment of the following salary, termination notice, severance award, leave days, transportation, and any or all other payables due to the employees.

6-11-5 Support Staff Vacation and Holiday Report

A monthly computer printout indicating details of Support Staff vacations and holidays for the month. The report shall be organized by task, listing employees' badge number, name, hire date, vacation accrued, vacation used, vacation balance, holiday accrued, holiday used, holiday balance and total balance.

6-11-6 Reassignment or Payroll Change Report

A report indicating changes in employee salaries and burdens pertaining to salary increases, promotions, reassignments, and other employee contract changes. PCA letters authorizing such changes shall be attached to the report.

6-11-7 Billing Adjustment Report

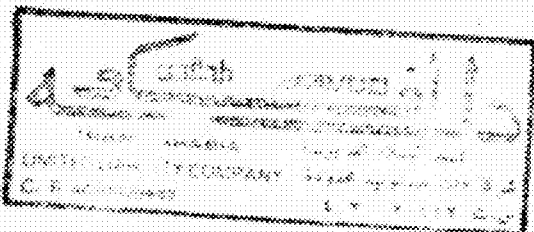
As defined in Article 6-2-10, but for Support Staff employees.

6-11-8 Authorized Salaries and Burdens List

A monthly computer printout listing the active employees on the program organized by task, indicating name, title, badge number, nationality, hire date, basic salary and other benefits.

6-11-9 Employee Personnel Roster

A monthly computer printout listing the active employees on the program. The report shall be organized by task and position number, and indicate position title, level, salary grade, badge number, name of employee, nationality and hire date.



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6-11-10 GOSI Payments Report

A monthly computer printout showing total GOSI contributions, summarized by employee number, name, nationality, code, GOSI number, passport number (if any) date of hire, GOSI base and contributions paid to GOSI.

6-11-11 Checks/Receipts

A Contractor standard payment authorization issued to employees indicating the reference number, employee's name, badge number, payment date, amount and description of payment, or copies of receipts defining payment to employees.

6-11-12 Overtime and Authorization Reports

A Government standard Overtime Authorization Form containing the name, badge number, position number, title, overtime hours worked and justification for overtime worked.

6-11-13 Support for Medical and Other Costs

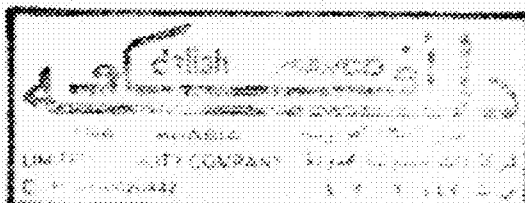
The documents included with the Support Staff invoice to support the billing for medical costs are medical authorizations, medical certificates and medical payment invoices/receipts.

Documents supporting other costs shall include authorization documents, airline tickets, vendor invoices, receipts and other relevant documents.

6-12 Special Cost Item - Support Staff Annual Reconciliation Documentation

6-12-1 Annual Support Staff Billing Summary

An annual report summarizing the Support Staff yearly salaries and burdens, organized by task.



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6-12-2 Annual Billing Adjustments

An annual report summarizing the total Support Staff billing adjustments made during the year. The report shall be organized by task, and indicate badge number, name, hire date, job code, job title, period billable days, burden and adjustments.

6-13 Special Cost Item - Engineering and Technical Advisors

The documents included with the Engineering and Technical Advisors invoice to support the billing for Engineering and Technical Advisors.

6-14 Special Cost Item - TDY and Factory Training

The documents included with the TDY and Factory Training invoice to support the billing shall include authorization documents, airline tickets, vendor invoices and other relevant documents.

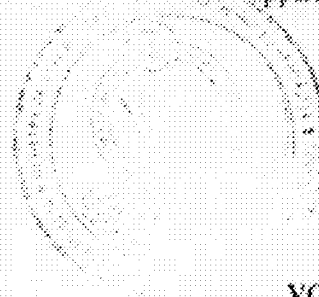
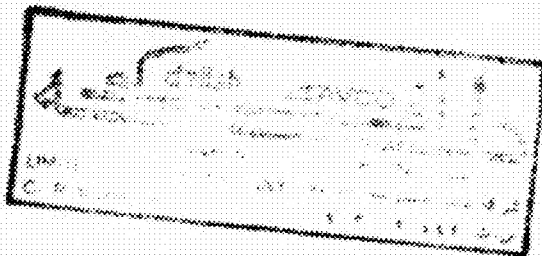
6-15 Logistics Expenditure Reports

6-15-1 Monthly Expenditure Status Reconciliation

A monthly report summarizing the total amount funded and expended for Logistics Support Services and Special Cost Items, including the total amounts paid per invoice type, cheque numbers and dates (i.e., In-Kingdom, Out-of-Kingdom, Overtime, Support Staff, etc.) and outstanding amounts per invoice type, organized by Contract years, and Government fiscal years.

6-15-2 Annual Expenditure Status Reconciliation

An annual report summarizing total transactions for the applicable Contract year as described in Article 6-15-1.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'C'

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
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Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

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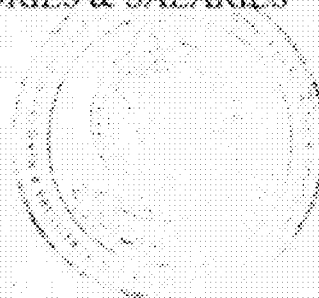
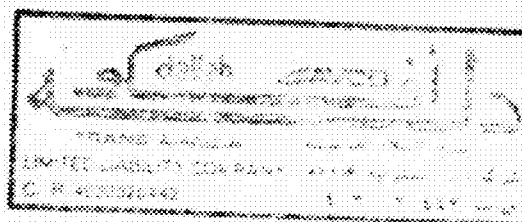



EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'D'

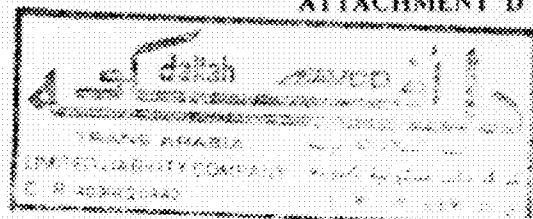
7 SCHEDULE OF PRICES AND QUANTITIES

7-1 Man-month Prices:

<u>MAN-MONTH</u>	<u>1ST YEAR RATE</u>	<u>2ND YEAR RATE</u>	<u>3RD YEAR RATE</u>
<u>LEVEL A</u>			
MM/YR REQUIRED	228	228	228
RATE IN S.R.	19,690	19,690	19,690
TOTAL COST/YR SR	4,489,320	4,489,320	4,489,320
<u>LEVEL B</u>			
MM/YR REQUIRED	312	312	312
RATE IN S.R.	15,527	15,527	15,526
TOTAL COST/YR SR	4,844,424	4,844,424	4,844,112
<u>LEVEL C</u>			
MM/YR REQUIRED	480	480	480
RATE IN S.R.	13,560	13,560	13,560
TOTAL COST/YR SR	6,508,800	6,508,800	6,508,800

VOLUME I - EXHIBIT 'C'
 SCHEDULE OF PRICES & QUANTITIES
 ATTACHMENT 'D'

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<u>MAN-MONTH</u>	<u>1ST YEAR RATE</u>	<u>2ND YEAR RATE</u>	<u>3RD YEAR RATE</u>
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LEVEL D

MM/YR REQUIRED	360	360	360
RATE IN S.R.	12,300	12,678	13,056
TOTAL COST/YR SR	4,428,000	4,564,080	4,700,160

LEVEL E

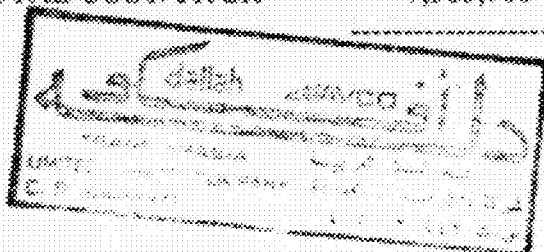
MM/YR REQUIRED	336	288	240
RATE IN S.R.	12,051	12,424	12,932
TOTAL COST/YR SR	4,049,136	3,578,112	3,103,680

LEVEL F

MM/YR REQUIRED	336	300	264
RATE IN S.R.	11,777	12,141	12,604
TOTAL COST/YR SR	3,957,072	3,642,300	3,327,456

LEVEL G

MM/YR REQUIRED	720	648	576
RATE IN S.R.	10,533	10,533	10,928
TOTAL COST/YR SR	7,583,760	6,825,384	6,294,528



VOLUME I - EXHIBIT 'C'
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<u>MAN-MONTH</u>	<u>1ST YEAR RATE</u>	<u>2ND YEAR RATE</u>	<u>3RD YEAR RATE</u>
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LEVEL H

MM/YR REQUIRED	960	852	744
RATE IN S.R.	10,495	10,495	10,495
TOTAL COST/YR SR	10,075,200	8,941,740	7,808,280

LEVEL I

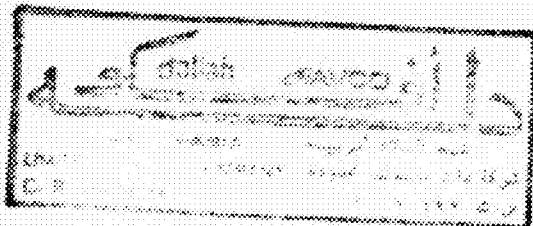
MM/YR REQUIRED	960	900	840
RATE IN S.R.	8,688	8,956	9,262
TOTAL COST/YR SR	8,340,480	8,060,400	7,780,080

LEVEL J

MM/YR REQUIRED	756	708	660
RATE IN S.R.	5,936	5,936	5,936
TOTAL COST/YR SR	4,487,616	4,202,688	3,917,760

LEVEL K

MM/YR REQUIRED	1056	1056	1056
RATE IN S.R.	5,912	5,912	5,912
TOTAL COST/YR SR	6,243,072	6,243,072	6,243,072

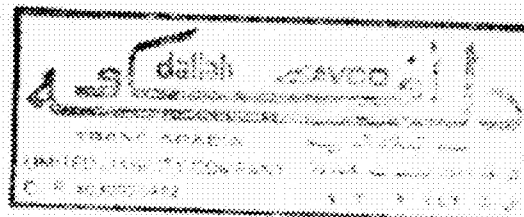


VOLUME I - EXHIBIT 'C'
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<u>MAN-MONTH</u>	<u>1ST YEAR RATE</u>	<u>2ND YEAR RATE</u>	<u>3RD YEAR RATE</u>
<u>LEVELL</u>			
MM/YR REQUIRED	288	288	288
RATE IN S.R.	5,643	5,643	5,643
TOTAL COST/YR SR	1,625,184	1,625,184	1,625,184
<u>TOTAL MM COST/YR SR</u>	66,632,064	63,525,504	60,642,432
<u>TOTAL MM ALL LEVELS-#</u>	6792	6420	6048

TOTAL ANSS-V M/M PRICE: SR 190,800,000

SAUDI RIYALS ONE HUNDRED NINETY MILLION, EIGHT HUNDRED THOUSAND



VOLUME I - EXHIBIT 'C'
SCHEDULE OF PRICES & QUANTITIES
ATTACHMENT 'D'

7-2 Logistics Service Charge and Fee Plan

The Contractor will be entitled to charge the Government and will be paid a fee of Twelve Percent (12%) applied to the total cost of materials and services procured by the Contractor outside the Kingdom of Saudi Arabia under the terms of this Contract. This percentage shall be added to shipping, handling charges and insurance. No fee shall be applicable to the cost of materials and services purchased within the Kingdom of Saudi Arabia under the terms of this Contract. Contractor shall include the indirect management costs of In-Kingdom Logistics and Special Cost Items within the other cost of Contract. All fees and charges contained herein and in the following Articles 7-3, 7-4, 7-5, 7-6 and all fees and charges for other services determined to be Special Cost Items in accordance with Volume III, Exhibit H, Article 3-6 shall be included in the total cost of Logistics Materials, and other Special Cost Items as specified in Volume III, Exhibit H, Article 3-7.

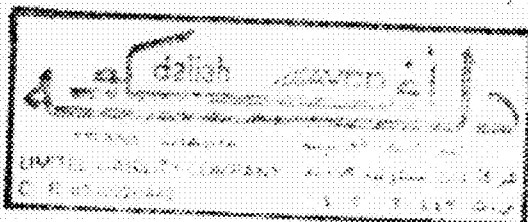
7-3 Out-of-Kingdom Temporary Duty Rates

Temporary duty Out-of-Kingdom, when authorized by the Contracting Officer or his designee, Contractor will be reimbursed for the following elements of cost, if applicable, in accordance with Volume III, Exhibit H, Article 3-5.

- a) Airfare (economy)
- b) Training Fees
- c) Per Diem

	TDY MIDDLE EAST	TDY FAR EAST	TDY USA/EUROPE
RATE SR	900	1,200	1,400
	-----	-----	-----

The above per diem rate must be paid to the TDY assignee, in advance and in accordance with the duration of TDY.



VOLUME I - EXHIBIT 'C'
SCHEDULE OF PRICES & QUANTITIES
ATTACHMENT 'D'

7-4 Overtime (Hourly) Rates

The Contractor will be paid at the following rates per hour for authorized overtime hours worked by employees in accordance with Volume III, Exhibit H, Article 3-2.

Billing Level A: Saudi Riyals One Hundred Thirteen and Ninety-four Halalas (SR113.94)

Billing Level B: Saudi Riyals One Hundred and Twelve Halalas (SR100.12)

Billing Level C: Saudi Riyals Ninety-one and Three Halalas (SR91.03)

Billing Level D: Saudi Riyals Eighty-six and Twenty Halalas (SR86.20)

Billing Level E: Saudi Riyals Seventy-six and Twenty-seven Halalas (SR76.27)

Billing Level F: Saudi Riyals Seventy-four and Four Halalas (SR74.04)

Billing Level G: Saudi Riyals Sixty-one and Twenty-nine Halalas (SR61.29)

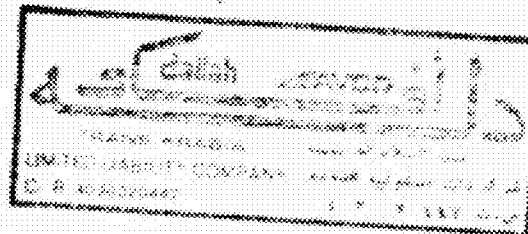
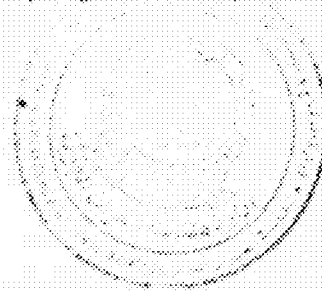
Billing Level H: Saudi Riyals Fifty-four and Twenty-six Halalas (SR54.26)

Billing Level I: Saudi Riyals Thirty-eight and Four Halalas (SR38.04)

Billing Level J: Saudi Riyals Twenty-two and Forty-three Halalas (SR22.43)

Billing Level K: Saudi Riyals Fourteen and Fifty-six Halalas (SR14.56)

Billing Level L: Saudi Riyals Thirteen and Thirty-eight Halalas (SR13.38)



VOLUME I - EXHIBIT 'C'
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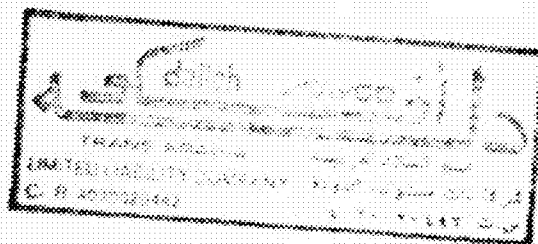
7-5 Support Staff Rate Entitlement

The Contractor will be entitled to charge the Government and will be paid a fee of Five Percent (5%) applied to all reimbursable costs for Support Staff employed by the Contractor in accordance with Volume III, Exhibit H, Article 3-3 of this Contract.

7-6 Support Staff Categories & Salaries Schedule

CATEGORY	AUTHORIZED TOTAL OF EACH CATEGORY	MINI- MUM	MAXI- MUM	HOUSING	TRANS- PORT	OTHER BENEFITS
A	40	SR3995	SR6750	TWO MOS SALARIES PER YEAR	SR250 MONTHLY	
B	60	SR2190	SR3990	TWO MOS SALARIES PER YEAR	SR250 MONTHLY	
C	10	SR1290	SR2185	TWO MOS SALARIES PER YEAR	SR250 MONTHLY	
TOTAL	110 POSITIONS					

REMARKS: TOTAL AUTHORIZED NUMBER OF SUPPORT STAFF SAUDIS FOR ALL CATEGORIES IS 110 POSITIONS ONLY.



VOLUME I - EXHIBIT 'C'
SCHEDULE OF PRICES & QUANTITIES
ATTACHMENT 'D'

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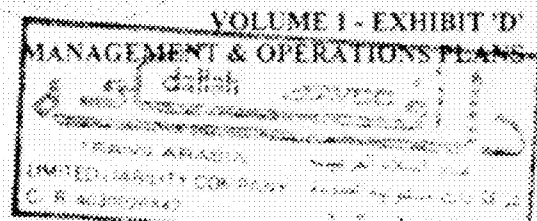
<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
1	MANAGEMENT AND OPERATIONS PLANS	1 of 6
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EXHIBIT 'D'
MANAGEMENT AND OPERATIONS PLANS

1 MANAGEMENT AND OPERATIONS PLANS

- 1-1 General:** The plans shall include the Contractor's plan of action for the accomplishment of the Statement of Work (SOW) and Scope of Services, and define how the Contractor will manage, plan, schedule, and monitor the key events during Contract performance. The program plan identified by the Contractor shall form a part of the Contract, and the Contractor's performance will be monitored for compliance. The Government reserves the right to accept and/or reject any or all of the Program Plan identified/submitted by the Contractor.
- 1-2 Format and Content:** The Management and Operations Plan shall be divided into the following parts, such division being clearly identifiable through the use of dividers or similar techniques:
- 1-2-1 Contractor's Background and Expertise:** Describe the Contractor's past experience in programs of similar and same nature. If the Contractor is an association consisting of two (or more) separate entities, he shall also describe programs of a similar and same nature, including contracts or related activities undertaken by each of the entities involved in the association.
- 1-2-2 Facilities and Company Resources:** Describe the facilities and company resources available for the commitment to the total performance of the Services described in Volume II, Statement of Work (SOW) and Volume III, Scope of Services.
- 1-2-3 Program Plan:** The Management and Operations Plan shall include the Contractor's program plan for the accomplishment of key events and activities required for the performance of the Services described in Volume II, Statement of Work (SOW) and Volume III, Scope of Services, including but not limited to the following:



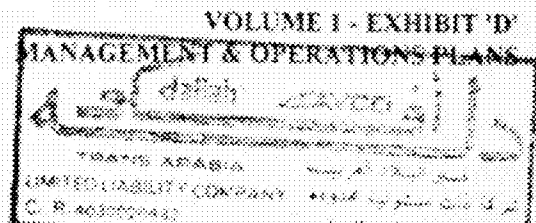
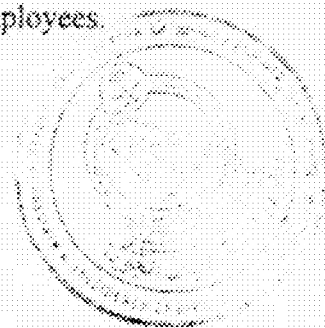
1-2-3-1 **Recruitment Plan:** The Recruitment Plan shall describe how the Contractor proposes to:

- a) Solicit applications from candidates for employment under the contract;
- b) Determine the suitability of applicants in terms of qualifications, experience, personality and legal eligibility;
- c) Provide orientation to successful applicants;
- d) Process applications expeditiously.

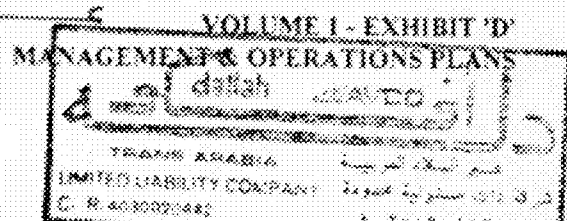
The Recruitment Plan shall include a description of the Contractor's existing and proposed recruitment operations including schedule of hiring rate by level, and the names of Contractor key personnel who will be incharge of the recruitment plan.

1-2-3-2 **Mobilization Plan:** The Mobilization Plan shall describe how the Contractor proposes to ensure that his organization is capable of performing the specified Services from the specified start date for the provision of those Services. Activities described shall include, but not be limited to:

- a) Securing necessary visas and work permits for personnel.
- b) Establishment and availability of Contractor representative in-Kingdom.
- c) Kingdom orientation and cultural familiarization program for foreign employees and dependents prior to arrival in the Kingdom.
- d) Initial life support facilities to be extended to employees.
- e) Job familiarization program for employees.

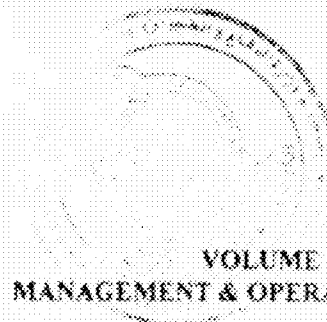
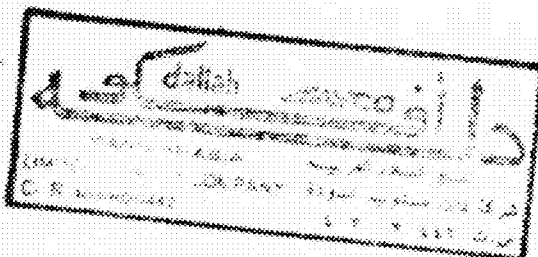


- 1-2-3-3 **Operations Phase-In Plan:** The Operations Phase-In Plan shall describe how the Contractor proposes to replace with its own personnel and services the personnel and services currently provided to the Government by the incumbent Contractor. The Plan shall include provisions which ensure the minimum disruption of the Presidency of Civil Aviation's day-to-day operations, and shall include a time-phased, prioritized program of hand-over activities.
- 1-2-3-4 **Technical Support Plan:** The Technical Support Plan shall describe how the Contractor proposes to maximize the performance of its man-month personnel in the discharge of their operational and training duties. The Plan shall also describe the Contractor's approach towards the implementation of Contractor initiated programs, including but not limited to management, advisory, self-evaluation programs. The Plan shall include details of the Contractor's existing and proposed technical support operations, including their relationships with other elements in the Contractor's organization, and the names of Contractor key personnel who will be incharge of technical support plan.
- 1-2-3-5 **Saudiization Plan:** The Saudiization Plan shall describe how the Contractor proposes to Saudiize his own work-force employed under the Contract, and to actively work towards the replacement of Contract personnel with Saudi National personnel. The plan shall include details of a comprehensive Saudiization schedule covering the entire Contract period in accordance with Exhibit K, Saudiization Plan of this Contract.
- 1-2-3-6 **Logistics Support Plan:** The Logistics Support Plan shall describe how the Contractor proposes to provide the Logistics Services specified in Volume II, Statement of Work (SOW). The Plan shall include details of the Contractor's existing and proposed Logistics operations including their relationships with other elements in the Contractor's organization, and the names of Contractor key personnel who will be incharge of logistics support plan.
- 1-2-3-7 **Salary/Merit Increase Plan:** The salary increase plan shall describe how the Contractor proposes to provide incentives in the form of salary increases in relation to annual performance evaluations as referenced in Article 2-3-2 of Exhibit H. The plan shall include provisions which will ensure equal employment opportunity treatment to all contract employees.



1-2-3-8 Employee/Industrial Relations and Life Support Plan: The Employee/Industrial Relations and Life Support Plan shall describe how the Contractor proposes to maintain a harmonious relationships with its employees and between its employees, and provide for the life support needs of employees and their dependents. The Plan shall include, but not limited to such details as:-

- a) Industrial Relations policies and philosophy,
- b) Benefits and services (other than salary) to be provided to employees and their in-Kingdom dependents,
- c) Standard of furnished-housing or appropriate housing allowance including hospitality kit, to be provided to employees and their in-Kingdom dependents,
- d) Transportation-to-work facilities and services or appropriate transportation allowance, be provided to employees for routine and non-routine work.
- e) Communications, including international telephone facilities, to be provided to employees,
- f) Yearly vacation transportation, round trip economy excursion (2 months) ticket, to be provided to employees and their in-Kingdom dependents,
- g) Recreation facilities and transportation to be provided to employees and their in-Kingdom dependents, to include but not be limited to school and shopping bus and miscellaneous.
- h) Education benefits shall be provided to the Married Status employee's authorized dependent children, limited to a total of two (2) dependent children either in-Kingdom, out-of-Kingdom or a combination thereof. The Contractor shall pay a reasonable stipend toward the school costs for authorized out-of-Kingdom dependents.



- i) Full comprehensive medical facilities and life, work, insurance schemes, to be provided to employees and their dependents, from the hire date to the departure date, limited to the spouse and three (3) dependent children.
- j) In-Kingdom, TDY: The Contractor shall provide to employees a schedule of per diem rate(s) for In-Kingdom temporary duties.
- k) Other benefits and services.

The Plan shall include details of the Contractors existing and proposed Employee/Industrial Relations organization structure, including their relationships with other elements of the Contractors organization, and the names of Contractor key personnel who will be in charge of Employee/Industrial Relations Plan.

1-2-3-9 Customer Relations Plan: The Customer Relations Plan shall describe how the Contractor proposes to establish and retain throughout the life of the Contract a close working relationship with the Government and to be responsive to the Government's requirements for submission of information, identification and resolution of problems affecting the program, and general quality control over the services provided to the Government.

1-2-3-10 Key Personnel: The Contractor shall provide career resumes of key personnel, including those called for in Articles 1-2-3-1, 1-2-3-4, 1-2-3-6 and 1-2-3-8 herein, which he proposes to deploy on a full time basis in support of this program. The Contractor shall also provide resumes of man-months personnel proposed for the primary management (Level A) positions as set forth in Volume II.

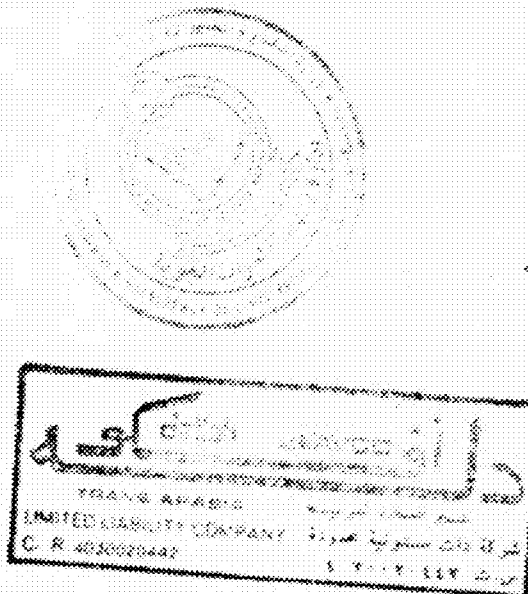
1-2-4 Subcontractor Information: The Contractor shall provide a list of prospective subcontractors, subject to the provisions of Volume I, Exhibit B, General Conditions, Article 4, together with information on each subcontractor in accordance with the requirements of Articles 1-2-1, 1-2-2, and 1-2-3 herein.



VOLUME I - EXHIBIT 'D'
MANAGEMENT & OPERATIONS PLANS

- 1-2-5 Contractor Aircraft Service Plan: The Contractor Aircraft Service Plan shall describe how the Contractor proposes to provide a Contractor owned or leased aircraft. The plan shall also describe the proposed aircraft daily flight schedules throughout the Kingdom in accordance with Exhibit F, Attachment A, Article 1-9.
- 1-2-6 Combination Index and Requirements Cross-Reference: The Contractor shall provide a Combination Index and Requirements cross-reference to permit each requirement in Volume I, Volume II and Volume III (General Conditions, Financial Conditions, and Statement of Work (SOW) and Scope of Services respectively) to be readily identified with the Article(s) of the Contract. This combination index shall consist of a cross-reference from Contractor's submittal to the Contract and the Contract to the Contractor's submittal.
- 1-2-7 Other Information: The Contractor is permitted to provide any other information which he feels will be of assistance to the Government in evaluating his proposal.

The Contractor must be aware that the Management and Operation Proposal, including its amendment/revision, submitted by the successful Contractor shall be an integral part of the Contract, and the implementation of all these proposals/plans shall be subject to penalty clause defined in Exhibit B, Article 77 and Article 36 of the Government Procurement Law.



VOLUME 1 - EXHIBIT 'D'
MANAGEMENT & OPERATIONS PLANS

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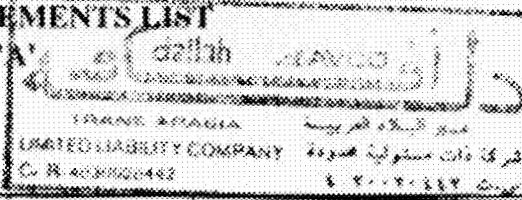
THE KINGDOM OF SAUDI ARABIA
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EXHIBIT 'D'
CONTRACT DATA REQUIREMENTS LIST
ATTACHMENT 'A'

1 CONTRACT DATA REQUIREMENTS LIST

DID NO.	DATA ITEM	DATE(S) AND FREQUENCY OF SUBMISSION	NO. OF COPIES	PCA APPROVAL REQUIRED	APPROVAL LEAD TIME	CONTRACT REFERENCE
001	Mobilization Status Report	Two (2) weeks after Award of the Contract and every week thereafter for the first 3 months of the Contract	3	No	N/A	Exhibit H Art 2-2
002	Employee Probation Procedure	Thirty (30) days after Contract start date	3	Yes	15 days per submission	Exhibit H Art 2-3-1
003	Employee Annual Performance Evaluation Procedure	Thirty (30) days after Contract start date	3	Yes	15 days per submission	Exhibit H Art 2-3-2
004	Joint Staffing Review (Minutes)	Three (3) months after Contract start date and quarterly thereafter	As directed by the Contracting Officer	Yes	15 days per submission	Exhibit H Art 2-10
005	Saudiization Plan	Sixty (60) days after Contract start date	3 Preliminary 10 Final	Yes	30 days per submission	Exhibit K Art 4-3
006	Program Plan	Ninety (90) days after Contract start date	3 Preliminary 10 Final	Yes	30 days per submission	Exhibit H Art 4-3

EXHIBIT 'D'
CONTRACT DATA REQUIREMENTS LIST
ATTACHMENT 'A'



I CONTRACT DATA REQUIREMENTS LIST

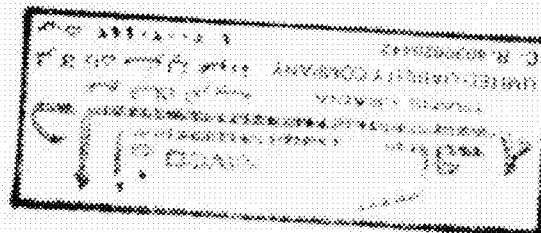
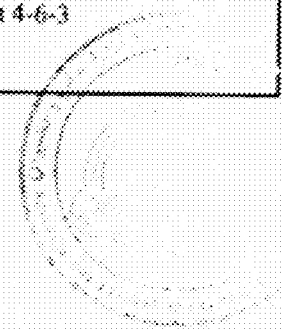
007	Contractor Monthly Activity Report	Monthly, on or before 10 th day of the month, commencing the first month after Contract start date	As directed by the Contracting Officer	No	N/A	Exhibit H Art 4-5
008	Quarterly Progress Review (Minutes)	Three (3) months after Contract start date and quarterly thereafter	As directed by the Contracting Officer	Yes	15 days per submission	Exhibit H Art 4-6-1
009	In-Kingdom Logistics Review (Minutes)	Three (3) months after Contract start date and quarterly thereafter	As directed by the Contracting Officer	Yes	15 days per submission	Exhibit G Art 4-8-2-5
010	Procurement Supply and Financial Report	Thirty (30) days after Contract start date and monthly thereafter	3	Yes	15 days per submission	Exhibit G Art 4-8-3-8
011	Contractor Inventory Reporting System	To be determined later	3	Yes	15 days	Exhibit G Art 4-8-9
012	Logistics Annual Reconciliation Documentation	Within ninety (90) days after end of each year of the Contract	3	Yes	30 days	Exhibit C Art 3-2
013	Logistics Reconciliation Procedures	Within ninety (90) days after Contract start date	3	Yes	15 days	Exhibit C Art 3
014	Logistics Final Reconciliation Documentation	Once - within ninety (90) days after end of each year of Contract	3	Yes	At Contracting Officer's Discretion	Exhibit C Art 3-4

VOLUME I - EXHIBIT D
CONTRACT DATA REQUIREMENTS LIST
ATTACHMENT 'A'

EXHIBIT 'D'
CONTRACT DATA REQUIREMENTS LIST
ATTACHMENT 'A'

I CONTRACT DATA REQUIREMENTS LIST

015	Man-months Annual Reconciliation Documentation	Within ninety (90) days after end of each year of Contract	3	Yes	30 days	Exhibit C Art 2-2
016	Man-months Final Reconciliation Documentation	Once - within ninety (90) days after end of third year of Contract	3 Preliminary	Yes	At Contracting Officer's Discretion	Exhibit C Art 2-5
017	Contractor's Updated Phase-In Plan	Once - within ninety (90) days after award of the Contract	3 Preliminary 10 Final	Yes	15 days	Exhibit H Art 4-3-4
018	Contractor's Phase-Out Plan Completion of Work	Minimum three (3) submissions - 1) Eighteen (18) months after Contract start date 2) Twenty-four (24) months after Contract start date 3) Thirty (30) months after Contract start date	3 1 st Sub 3 2 nd Sub 10 Final Sub	Yes	30 days each submission	Exhibit H Art 4-6-2
019	Correspondence Index	Commencing ninety (90) days after award of the Contract and quarterly thereafter	As directed by the Contracting Officer	Yes	15 days	Exhibit H Art 4-6-3

VOLUME I - EXHIBIT D
 CONTRACT DATA REQUIREMENTS LIST
 ATTACHMENT 'A'

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية ه
المجلد ٢ - النسخة الانجليزية
شروط ومواصفات العمل



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME II - ENGLISH
STATEMENT OF WORK

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

VOLUME II
STATEMENT OF WORK (SOW)
EXHIBIT G - LOGISTICS SUPPLIES & SERVICES
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VOLUME - II
STATEMENT OF WORK (SOW)
EXHIBIT - G - LOGISTICS SUPPLIES & SERVICES

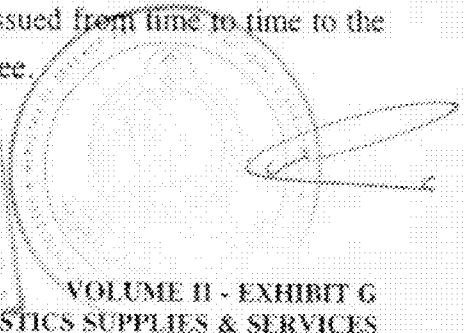
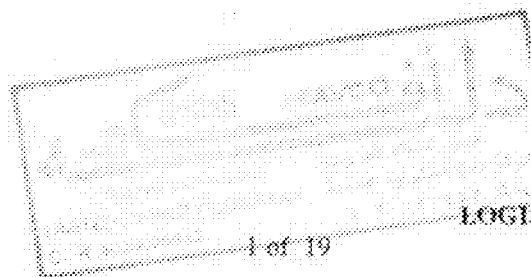
ARTICLES:

1 LOGISTICS SUPPORT SYSTEM

1-1 Contractor Procurement Responsibilities

The Contractor shall, as may be requested by the Government, provide material and services in relation to the Air Navigation System Support (ANSS) Program, equipment and facilities and other systems indicated by the Government including, but not limited to, Radar, Communications, ATC Automation and Navigation Aids Systems, spare parts, assemblies and/or components thereof, and other systems, equipment, facilities and services required by the Government. The Contractor shall provide all that is connected with the ANSS Support and Operation and facilities and work-sites, in and out of the airports of the Kingdom of Saudi Arabia, with quick response for execution of tasks and provisioning of logistics and services from within or outside the Kingdom of Saudi Arabia to maintain a high and acceptable standard of program operations and maintenance. These services may be provided directly by the Contractor or via sub-contract in accordance with Exhibit B, Article 4. The Contractor shall be reimbursed and paid for these costs by the Government.

- 1-1-1 The Contractor shall procure new spare parts and other new equipment, and, when new spare parts and other new equipment are not available, the Contractor may procure material consisting of like-new or serviceable spare parts and equipment. All spare parts and other equipment procured by the Contractor shall conform as a minimum to applicable Saudi Arabian and International Civil Aviation Organization (ICAO) Standards. The approval of the Contracting Officer or his designee shall be mandatory for all spare parts procurements and other equipment procurements of the Contractor, subject only to the exceptions contained in this Exhibit G, and to any subsequent procedures, exemptions, waivers, or other instructions which may be issued from time to time to the Contractor by the Contracting Officer or his designee.

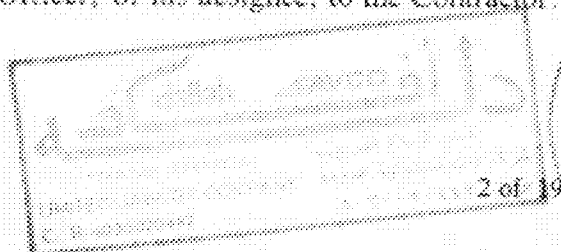


VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

- 1-1-2 The Contractor shall arrange for the inspection, overhaul, modification and or repair of the Air Navigation Support/Control equipment, including such items as electronic and electro-mechanical systems, major assemblies, subsystems and components.
- 1-1-3 The Contractor shall procure special tools, modification kits, electronic equipment, training test equipment and other equipment, subject to the standards and within the approval authority specified in Exhibit G, Article 1-1-1 above.
- 1-1-4 The Contractor shall procure other material and services to support maintenance and operation equipment and facilities, subject to the standards and with the approval authority specified in Exhibit G, Article 1-1-1 above.
- 1-1-5 The Contractor shall, upon issuance of a Letter of Instruction (LOI) by the Government, procure, build, modify and/or repair facilities, or arrange for, or accommodate payment for, the Government, in procuring, leasing, building and/or repairing Government facilities.
- 1-1-6 The Contractor shall provide ancillary services including, but not limited to, packaging, freight, documentation, and obtain insurance, and shall be reimbursed for the handling charges by submission of an invoice thereto, in addition to the cost of Out-of-Kingdom, including labor charges, telephone communications, stationery, the receiving and storage, packaging, shipping, and material transportation and mail, and all that is connected to Out-of-Kingdom procurements, from the Contractor offices and sub-Contractors for the handling of Logistics, as directed by the Contracting Officer or his designee.

1-2 Procurement Methods

PCA-AE Purchase Requisitions (PR's) and Letters of Instruction (LOI's) for the procurement of material and services will be issued in accordance with Contract and Government procurement regulations and procedures and PCA Orders. PR's and LOI's will be subject to the approval of the Contracting Officer or his designee. Written instructions delegating approval authority will be issued by the Contracting Officer, or his designee, to the Contractor. Such instructions will establish the range of



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

materials and services which may be procured and specific financial limits applicable to each person delegated procurement approval authority. This instruction will be entitled the "ANSS Authorization Profile" and will be updated as required by the movement of personnel within PCA-AE elements.

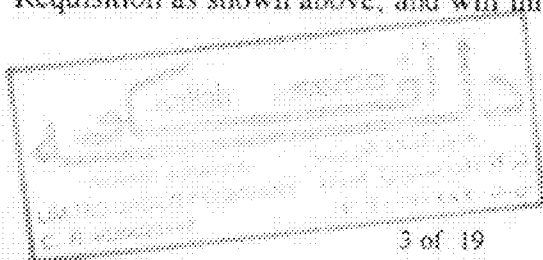
1-2-1

Procurement Methods - Out-Of-Kingdom

The Logistics Department shall prepare for the Government's issuance and the Government will issue, at its discretion and upon validation of the requirement, Purchase Requisitions for Out-of-Kingdom material procurement. Out-of-Kingdom Purchase Requisitions shall contain as a minimum the following information:

- a. Manufacturers Part Number
- b. National Stock Number (NSN), if applicable
- c. Item Description
- d. Unit of Issue
- e. Quantity Required
- f. Purchase Requisition Control Number
- g. Priority of Need
- h. Date Requested
- i. Name and Signature of Requester
- j. Name and Signature of Logistics Manager
- k. Name and Signature of PCA Representative
- l. End Item Data
- m. Publication Reference Data
- n. Work Order/End Use Information

Out-of-Kingdom Purchase Requisitions will be issued to the Contractor's Procurement Office in Jeddah or as agreed by the Government and the Contractor. The Government is responsible for editing the information contained in the Purchase Requisition to ensure completeness and accuracy of information furnished to the Contractor. The Contractor shall prepare a Purchase Order (P.O.), based upon the Government approved Purchase Requisition as shown above, and will initiate immediate procurement action.



3 of 19

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LOGISTICS SUPPLIES & SERVICES

The procurements shall be carried out in accordance with Royal Decree No. M14 dated 7/4/1397, Saudi Arabian Procurement Regulations and all subsequent amendments, Council of Minister's Resolution No. 1291 dated 15/9/1394, and Council of Minister's Resolution No. 377 dated 18/4/1398.

1-2-2 Procurement Methods - Local Procurements

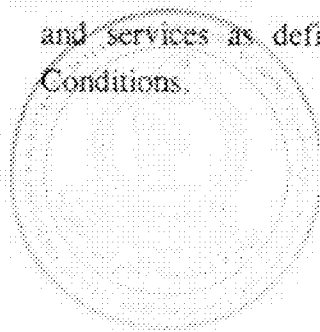
The Government will submit Purchase Requisitions for local procurement of material requirements through use of PCA local purchase documents. Local Purchase procedures may also be used to effect the local repair of systems equipment or facilities as requested by the Government.

1-2-3 Procurement Methods - Letters of Instruction (LOI)

A Letter of Instruction (LOI) issued by the Government to the Contractor will be used to request materials and/or services of a special nature to be procured within or outside of the Kingdom. All directed-source procurements, other than those normally associated with Purchase Requisitions, shall be effected by an LOI. The LOI will clearly define requirements, prices, terms and conditions, and responsibilities of the Government and the Contractor.

1-2-4 Procurement Sources

When any of the procurements made pursuant to the Contract are from sources other than the original manufacturer, the Contractor shall exercise the same degree of care and judgment in communicating with competent vendor sources and/or subcontractors as directed by the Government. The Contractor shall make every effort to assist the Government to obtain the lowest cost consistent with quality, vendor reliability and delivery schedule requirements. The Contractor shall utilize Gulf Cooperation Council (G.C.C.) countries products and services as defined in Volume I, Exhibit B, Article 12 of the General Conditions.



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

1-2-5

In-Kingdom Logistics Review

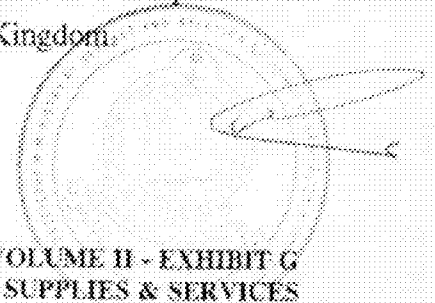
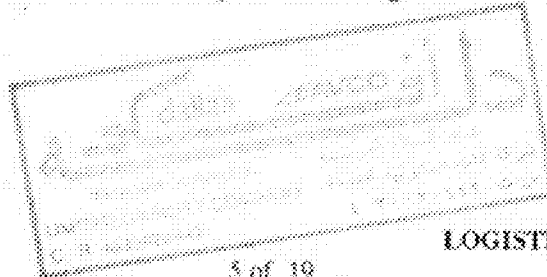
As a means of monitoring progress, to establish future planning, to effect Government-Contractor reconciliation of shipment and receipt records, and to promote continuity of logistics operations, quarterly logistics meetings will be held in PCA Airways Engineering Directorate Headquarters. These meetings will commence on a date to be determined by the Government and will be attended by Contractor In-Kingdom Logistics Management and applicable Government personnel.

1-2-6

International Logistics Operations Review

To ensure that the Contractor's international Logistics operations are conducted in accordance with the Contract, and that transactions made under the Contract on behalf of the Government are made both in the best interest of the Government and in accordance with the rules and regulations of the Kingdom of Saudi Arabia, the Government reserves the right:

- a) To monitor and review the Contractor's Out-Of-Kingdom procurement methods;
- b) To audit the Contractor's Out-Of-Kingdom procurement transactions applicable to the Contract;
- c) To inspect the Contractor's Out-Of-Kingdom Logistics records applicable to the Contract;
- d) To conduct independent inquiries for verification purposes into aspects of the Contractor's procurement methods including vendor prices, delivery times, product quality, and procurement sources;
- e) To assist the Contractor where appropriate in the completion of formalities for the importation of goods into the Kingdom.



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

1-2-7 The Government reserves the right to inspect any or all of the Contractor's records, relating to transactions carried out under the Contract in support of its Out-of-Kingdom Logistics operations, and the Contractor agrees to make the said records immediately available at its own expense upon request of the Government. The Contractor understands that its failure to make such records available to the Government expeditiously may delay final settlement of the Contract.

1-2-8 The Contractor agrees to provide the Government, upon request, documentary evidence of its procurement and shipping methods, including but not limited to quotations, vendor price comparison data, supply source lists, purchasing and shipping procedures, vendor correspondence and status reports. The Contractor further agrees that such evidence shall be provided at its own expense.

1-2-9 The Contractor agrees to respond to any request by the Government for explanation of its reasons for any particular procurement or shipping transaction or method, if such a method or action may be contrary to the best interests of the Government.

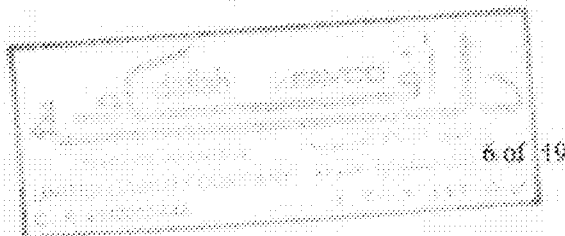
1-2-10 The Government agrees to respond to any reasonable request by the Contractor for assistance in obtaining expeditious customs clearance for items which are imported by the Contractor under the Contract, provided that such assistance does not constitute fulfillment by the Government of responsibilities undertaken by the Contractor in any provision of the Contract.

1-3 Ordering and Processing Procedures

The Government and the Contractor shall comply with the following ordering and processing procedures:

1-3-1 Out-of-Kingdom Procurements

Within thirty (30) days from the Contract start date, the Government will provide the Contractor with a list of personnel authorized to submit PCA Purchase Requisitions. The Government, acting through these authorized PCA representatives, will place Purchase Requisitions with the Contractor for



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

procurement of materials and services as described in Article 1-1 of this Exhibit G.

1-3-1-1 In the event that the Contractor, after thorough investigation of local procurement sources, determines that such materials and services cannot be procured within the Kingdom of Saudi Arabia, the Contractor shall so advise the Government, and prepare, for the signature of the authorized PCA representative, an Out-of-Kingdom Purchase Requisition.

1-3-1-2 The Contractor shall process Purchase Requisitions into Purchase Orders in an orderly and timely manner in accordance with the assigned priority. The Contractor shall insure that all requested items are placed on Purchase Orders in accordance with the procurement times stated in Article 1-3-4 of this Exhibit G. Three (3) copies of the Purchase Order processed from the Purchase Request, including scheduled delivery date, shall be forwarded to the PCA authorized representative within priority time frames as follows:

Priority shall mean a single digit numeric code used to define the urgency of requirements issued in the requisitioning of materials.

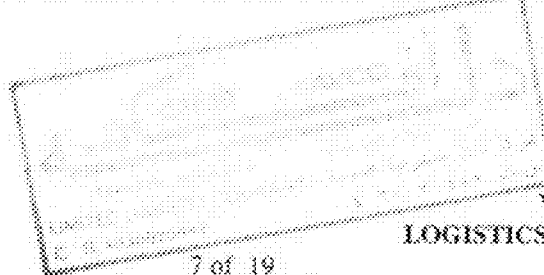
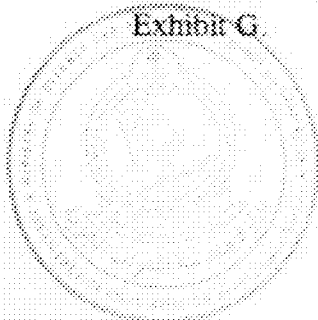
- a) Priority 1 - Two (2) working days
- b) Priority 2 - Seven (7) working days
- c) Priority 3 - Fourteen (14) working days
- d) Priority 4-5 - 30 working days

The Contractor's failure to comply within the priority time-frames, as shown above, may result in financial penalties listed in Exhibit B, Article 77.

1-3-1-3 The Contractor reserves the right to make the necessary corrections or changes to nomenclature, part number and specifications provided that the item to be supplied does not change with respect to form, fit, function, or priority.

1-3-1-4 The Contractor shall forward to the designated PCA representatives, the following documents pertaining to each shipment of materials procured, repaired or replaced under Purchase Requisitions issued pursuant to the terms of this

Exhibit G



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

- a) First original and two (2) copies of the Bill of Lading, or two (2) copies of the Airway Bill;
- b) Three (3) copies of the freight forwarders consolidated Bill of Lading;
- c) A certified true copy and two (2) copies thereof of the Contractor's vendor(s) invoice(s).

1-3-2 Procurement through F.O.F.

Each Sector is furnished a Field Operating Fund (F.O.F.) for emergency and other operating expenses that by necessity, must be handled and paid on a cash basis. Authorized purchases through F.O.F. shall be limited to emergency items to prevent or correct interrupted services. This is defined as unscheduled downtime and/or reduced conditions leading to an outage.

1-3-3 Letters of Instruction

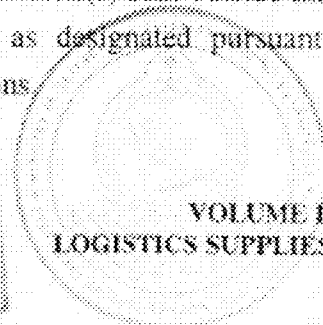
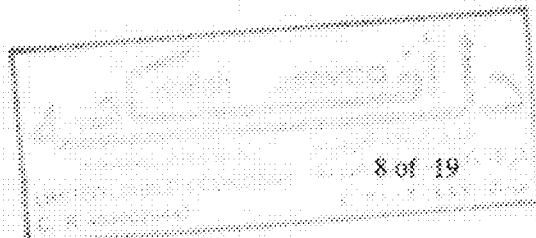
The Contracting Officer or his designee may submit Letters of Instruction (LOI's) as described in Article 1-2-3 of this Exhibit G.

1-3-4 Procurement Priorities and Applicable Time Scales

Priorities for material(s) ordered from the Contractor will be appropriately assigned by the Government and properly referenced on the face of the Purchase Requisition. The Contractor will process procurements and arrange for delivery of items in compliance with the assigned priority. Priorities are defined pursuant to Contract, PCA, and Government rules and regulations. The Contractor's failure to comply with established delivery dates shall result in financial penalties as listed in Exhibit B, Article 77.

1-3-5 Out-of-Kingdom Overhaul and Repair

Priorities and turn-around times for material(s) sent outside the Kingdom for overhaul and repair will be assigned as designated pursuant to Contract, PCA, and Government rules and regulations.



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LOGISTICS SUPPLIES & SERVICES

1-3-6 Long Lead Time Items

There are material(s) and equipment items requested by the Government that may require a long lead time procurement cycle due to availability and/or manufacturing process. The Contractor shall notify the Government, in writing, and the item(s) will **NOT** be placed on Purchase Order until approval is received from the Government.

1-3-7 Method of Shipment

Unless directed otherwise by the Government in writing, the Contractor shall apply the following methods of shipment for material(s) procured under the terms and conditions of the Contract.

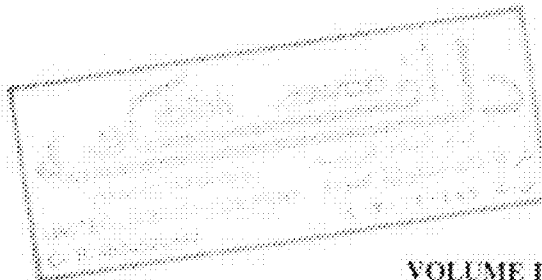
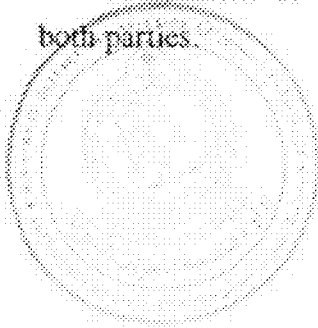
1-3-7-1 Items defined by the Government to be of high priority (Priority 1, Priority 2, and Priority 3) shall be shipped immediately by air transportation without regard to the size or value of the item.

1-3-7-2 All items purchased out-of-Kingdom under the Contract will be consolidated into single shipments whenever possible as priorities dictate.

1-3-7-3 Items listed as priority 4 and 5 will be shipped by surface transportation unless otherwise directed.

1-3-8 Reports

The Contractor shall provide, in Arabic and English, a monthly Procurement, Supply and Financial Report in a format to be approved in advance by the Government. Changes to the report format as may be determined necessary by the Government or by the Contractor, shall be confirmed in writing between both parties.



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LOGISTICS SUPPLIES & SERVICES

1-4 Technical Conditions to be Satisfied

1-4-1 General

The Contractor shall comply with the following in the procurement of material(s) for the Government.

1-4-2 New Items

Where possible, items supplied under this Contract shall be newly manufactured (or overhauled and certified when new manufactured items are not available) and in accordance with the established and generally accepted standards for items of the type ordered and in full conformity with specifications and drawings of the original manufacturer.

1-4-3 Replacement Items

In cases where newly manufactured items are not available within the required time scales, "like new" certified zero time items will be accepted by the Government, subject to applicable Government-issued approval procedures. (Reference Article 1-2 of this Exhibit G).

1-4-4 Configuration

The Contractor also guarantees that the items supplied or the execution of work described in the Purchase Requisition will, where applicable, be to the configuration control standard established by the Government or as agreed to by the Government and the Contractor.

1-4-5 Modified Items

Should any of the items ordered by a Purchase Requisition prove to be obsolete due to the introduction of a manufacturer's modification, the Contractor shall, subject to availability, supply items modified to the Government's established configuration in lieu of the obsolete item ordered or, in the event of repair and



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LOGISTICS SUPPLIES & SERVICES

overhaul of items, the Contractor shall ensure that such modification(s) conform to the Government's established configuration. To ensure configuration control for the preceding, the Contractor shall obtain the approval of the Government prior to issuing a Purchase Order.

1-4-6 Repair Costs

Repair of Government-owned components and equipment shall be accomplished in accordance with Contract PCA, and Government rules and regulations.

1-5 Inspections

The Contractor shall comply with the following in contracting for supply of items for the Government:

1-5-1 Vendor Certificates

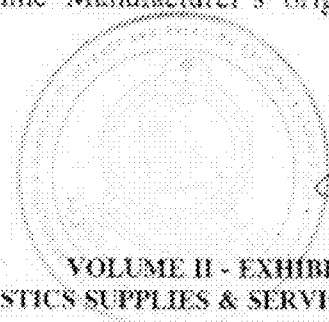
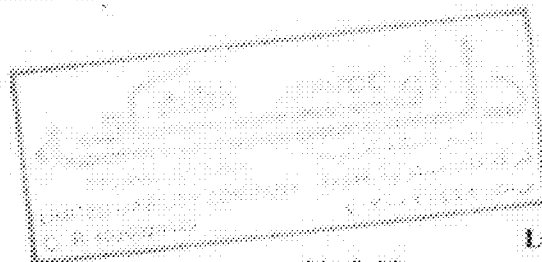
Functional items and/or Air Navigation System equipment items procured or overhauled pursuant to the Contract, shall be inspected at the applicable vendor facility and the following certificate of conformity, with applicable specification signed by the Head of the Vendor's Inspection/Quality Assurance Department (or his designee), will be attached to the item(s).

1-5-2 New Manufactured

The Contractor shall obtain and furnish to the Government, a certificate of conformity to the Prime Manufacturer's applicable specification and/or the Government's special specifications.

1-5-3 Replacement Items

The Contractor shall obtain and furnish to the Government, a certificate of conformity indicating compliance with the Prime Manufacturer's original specification.



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LOGISTICS SUPPLIES & SERVICES

1-5-4

Overhauled Items

The Contractor shall obtain and furnish to the Government a certificate of conformity to the Prime Manufacturer's original specification and certification, indicating that the vendor is approved either by the Prime Manufacturer or by the United States of America's Federal Aviation Agency or the United States of America's Federal Communications Commission, or their equivalent in the United Kingdom or continental Europe. Where the item is overhauled to Government specifications, the Contractor shall obtain for the Government a certificate of conformity to the Government specification.

1-5-5

Government Surveillance

The Government reserves the right to periodically witness the processes, quality control and inspection of the Contractor's vendors.

1-5-6

Government Inspection and Testing

All supplies furnished to the Government under the terms and conditions of the Contract shall be subject to inspection and testing upon receipt by the Government. If any such supplies are not in conformity with the requirements of the Contract, the Government may, within ninety (90) days from the receipt of the non-conforming item, reject the item or require correction thereof. In certain instances, the Government may decide to functionally test an item upon its receipt. If such tested items fail the functional test, they shall be repaired or replaced promptly by the Contractor or by the appropriate vendor. When practicable, the functional test results shall be made known in writing by the Government to the Contractor within ninety (90) days of receipt of the item by the Government. It shall be the responsibility of the Contractor to ensure vendor compliance with functional test specifications. The Contractor shall be responsible for adequate packaging, with special emphasis on sensitive high-cost items to avoid failure during functional testing upon receipt. In the event of a second functional test failure on the same item, the Contractor shall thoroughly review vendor and shipper performance and determine corrective action required. The Government's rights under warranty as detailed in Article 1-8-4



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LOGISTICS SUPPLIES & SERVICES

of this Exhibit G are not affected by whether such functional test is or is not accomplished by the Government.

1-6 Packaging and Weatherization

Where applicable, supplies to be shipped to the Government shall be packaged and/or weatherized in accordance with the Government's "General Supplier Packaging Requirements" (GSPR). The Government may change or amend the GSPR by written notice to such effect to the Contractor setting forth the changes or amendments. Any such change or amendment shall take effect no later than thirty (30) days after receipt thereof by the Contractor. Where there is failure by the Contractor to package in accordance with GSPR and there is damage to supplies which result from such failure to so package, then the Contractor shall be responsible for such damage.

1-7 Title

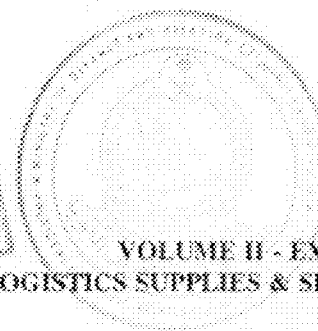
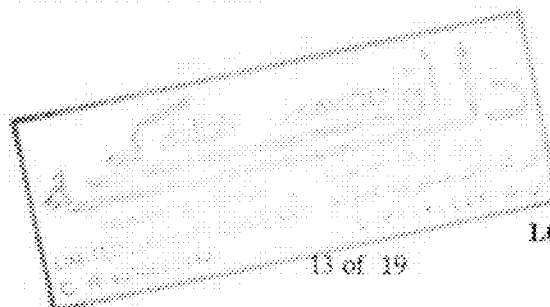
For all materials purchased by the Contractor under the terms of the Contract, title will pass to the Government upon receipt of material as evidenced by the Government's signing of the Material Receiving Reports (MRR's) for the material(s). The Government will not accept responsibility for any materials purchased by the Contractor under the terms of the Contract until title for the said material(s) has been passed as described above.

Title to all materials procured by the Contractor under the terms of this Contract shall be clear and free of any security interests, liens or other encumbrances.

1-8 Property Warranties

1-8-1 Contractor Warranty

The Contractor shall obtain for the benefit of and transfer to the Government the most effective warranties from equipment vendors or manufacturers. The Contractor further agrees to obtain specific warranties at the direction and option of the Government.



VOLUME II - EXHIBIT G
LOGISTICS SUPPLIES & SERVICES

1-8-2

Patent Infringement

All materials procured by the Contractor under the terms and conditions of the Contract shall be free of rightful claims or infringement of patents, including but not limited to, those registered in the United States of America and European countries, expressly excluding infringements arising from use in combination with other items where infringement would not have occurred from the normal use for which the supplies were designed.

1-8-3

Government Remedies on Warranty Matters

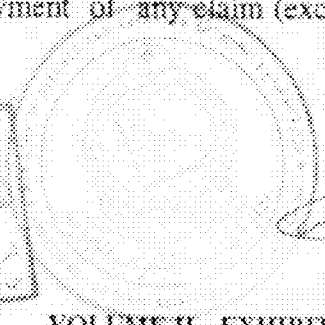
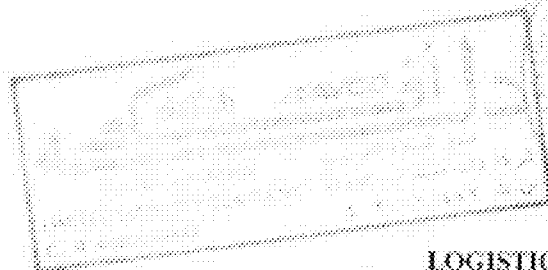
1-8-3-1

In case of breach of warranty as set forth in Article 1-8-1 of this Exhibit G, the Government shall require the Contractor to take immediate corrective action. The Contractor shall pursue such claims and arrange the settlement thereof as directed by the Government. Cost incurred, other than Contractor manpower and overhead, in the pursuit of this settlement, will be paid by the Government.

1-8-3-2

Cost incurred in pursuing Government remedy for a breach of warranty is expressly limited to the reimbursement to the Government by the Contractor of the amount of the Government's loss, cost or damage (exclusive of loss, cost or damage arising or resulting from loss of use) arising out of infringement of any United States of America and/or European patent. The Contractor's obligation is conditional upon the Government's:

- a) Furnishing prompt written notice to the Contractor of any suits or claims against the Government alleging infringement, including all pertinent data, papers, records and assistance within the Government's control;
- b) Making a diligent effort to minimize (other than by non-use) the loss, cost or damage for which the Contractor is obligated hereunder and obtaining the Contractor's approval of payment of any claim (except final judgment), and;



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- c) Authorizing the Contractor to intervene in and/or control the defense of any related claim or suit and to negotiate, settle and/or compromise such claim or suit.

1-8-4 Exclusivity of Warranties

The aforementioned warranties and the Government's remedies thereunder are solely for the benefit of the Government and shall not, without the written consent of the Contractor, be extended or be construed to extend to any other person whatsoever. This Article 1-8 sets forth the entire Agreement of the parties with respect to warranties expressed or implied for all materials and supplies procured under the Contract, and the exclusive remedy for their breach including, but not limited to, loss of use or other secondary or consequential damage however occasioned.

1-9 Contractor Accountability

1-9-1 Accountability

- 1-9-1-1 Contractor personnel shall take custodial responsibility for the resources of the Air Navigation System, which shall be in the custody of the Contractor, including but not limited to, capital equipment, capital property, tools, test equipment, spare parts, vehicles, and consumable items, computer software, records and documentation.
- 1-9-1-2 The Government will identify the above resources by providing the Contractor with an inventory list specifying item, numbers of items, value of items and location of items for which the Contractor shall take custodial responsibility.
- 1-9-1-3 On receipt of the Government-furnished inventory list(s), the Contractor shall conduct a wall-to-wall physical inventory to formally verify the validity of the inventory list(s). The Contractor's initial wall-to-wall physical inventory shall be thorough, specific and precise. Any discrepancies between actual inventory and the Government-furnished inventory list(s) shall be brought to the attention of the Government immediately on discovery for resolution.



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On completion of this formal verification, and upon Government approval of the verified inventory list, the Contractor shall, on a date to be agreed upon by both parties, assume custodial responsibility for the items listed on the verified inventory list utilizing Form 7, Supply Requisition Forms.

1-9-1-4 The Contractor shall subsequently become accountable for, and for the duration of the Contract period or until otherwise directed by the Government, remain accountable for all items listed as long as the items are within the control of Contractor personnel.

1-9-1-5 The Contractor shall bear the cost of man-months and all other costs associated with the initial physical wall-to-wall inventory. The Government shall only pay the man-month cost of the Contractor's Logistics personnel from the date of the formal assumption by the Contractor of custodial responsibility for the items identified by the verified inventory list(s).

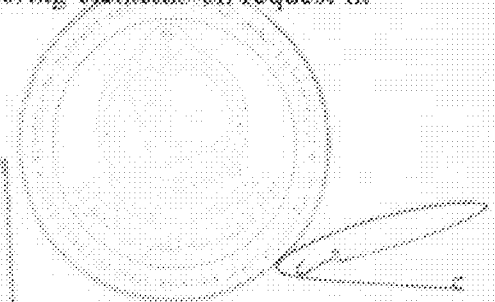
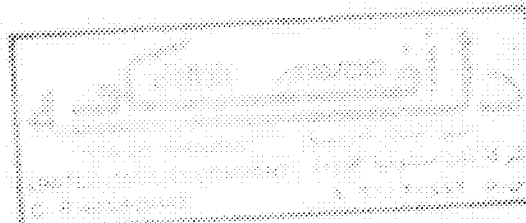
1-10 Functional Control of Logistics Operations

1-10-1 Logistics System Management

Logistics Management shall be provided by the Contractor through a Logistics Management Branch staffed and operated under the direction of the Government representative.

1-10-2 Centralized Logistics System

The Contractor agrees that a centralized Logistics system will be staffed and operated at the PCA Airways Engineering Jeddah Depot. The Logistics support provided to the Air Navigation System will be responsive and modern, and utilize automated data support systems wherever possible. The centralized Logistics system will support all Airways Engineering elements on request in accordance with PCA applicable procedures.



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1-10-3 Airways Engineering Sector Logistics Operations

The Contractor personnel assigned to the Logistics Operation of each Airways Engineering Sector shall be responsible to the Sector Manager for administrative supervision and day-to-day sector operational requirements. Sector Logistics personnel shall report to the Logistics Manager the implementation and maintenance of Logistics policies and procedures. Sector Logistics personnel shall ensure that the policies and procedures are utilized to discharge the Contractor responsibility to include the application of hand receipts for property.

Administrative support for Logistics personnel will be provided by the Contractor's local management representative.

1-11 Defined Record Maintenance

The Contractor shall be responsible for maintaining a comprehensive record system including the following separately maintained and separately retrievable elements:

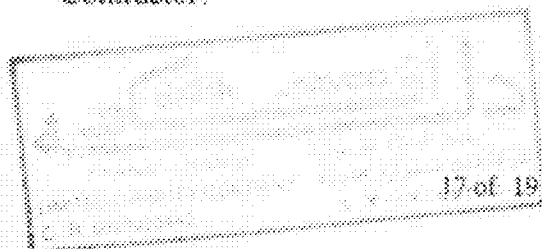
1-11-1 Commodity Master Records

Commodity master records shall be maintained for each commodity in the custody of the Contractor. Record types to be made available to the Government are:

- a) Minimum/Maximum repair part stockage;
- b) Due-In/Due-Out reports;
- c) Major Sub-assemblies;
- d) Major Assembly Provisioning.

1-11-2 Accountable Property Records

Accountable property records shall be maintained for all capital, fixed, installed and other permanent (non-expendable) properties in the custody of the Contractor.



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1-11-3 Consumable Records

Consumable records shall be maintained and updated as changes occur.

1-11-4 Local Purchase Records

Local purchase records and vouchers will be maintained by the Contractor to provide data for analysis of such items as vendor response and dependability and reasonable pricing policies. The Contractor is solely responsible to justify his selection of the vendor which provides the best value to the Government, and for adherence to Government rules, regulations and applicable law.

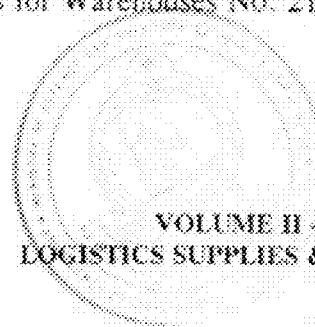
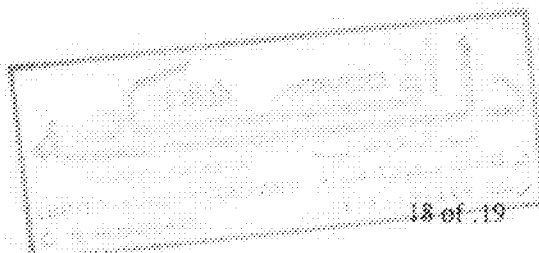
1-11-5 Out-Of-Kingdom Records

Out-of-Kingdom records will be maintained by the Contractor, filed by voucher number, to provide data for analysis of such items as vendor response and dependability and reasonable pricing policies. The Contractor is solely responsible to justify his selection of the vendor which provides the best value to the Government, and for adherence to Government rules, regulations and applicable law.

1-11-6 Applicable Law

The Contractor shall comply with applicable Saudi Arabian rules and regulations in the management of the Logistics system, including but not limited to:

- a) Royal Decree No. M14 dated 7/4/1397, Saudi Arabian Procurement regulations and all subsequent amendments;
- b) Council of Minister's Resolution No. 1291 dated 15/9/1394 and Resolution No. 377 dated 18/4/1398;
- c) Government Rules and Regulations for Warehouses No. 21/4201 dated 11/8/1983;



d) PCA and Airways Engineering Directorate Orders.

1-12 Contract Closing Procedures

1-12-1 Final Acceptance

The Government will undertake measures to provide final acceptance of services provided under this Exhibit G as soon as possible after the expiration of the Contract.

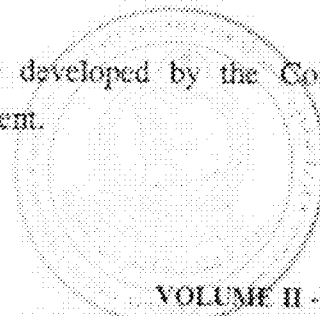
1-12-2 Contract Closing

1-12-2-1 In the event the Contract shall not have been extended or renewed, as evidenced by mutual written agreement, a minimum of ninety (90) days prior to expiration of the Contract, the Contractor shall take necessary action to ensure orderly termination of its procurement actions upon the date of Contract expiration.

1-12-2-2 The Contractor shall make every possible effort to ensure that vendors meet forecasted delivery schedules so that all items arrive in Saudi Arabia before or as soon as possible after the date of Contract expiration. The Contractor will continue processing shipment(s) through the freight forwarders and process invoice(s) after the Contract expiration date until all requested items have been received or canceled.

1-12-2-3 Annual reconciliation of all procurement transactions will be accomplished by the Government and the Contractor at the end of each year of the Contract in accordance with procedures developed under paragraph 1-12-2-4 of this Exhibit G. Proper adjustments will be made to correct any outstanding discrepancies found as a result of these reconciliation each year, if possible, otherwise, the Contract closing reconciliation will be subject to the entire duration of the Contract.

1-12-2-4 Detailed reconciliation procedures will be developed by the Contractor and submitted for the approval of the Government.



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LOGISTICS SUPPLIES & SERVICES

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية ه
المجلد ٢ - النسخة الانجليزية
شروط ومواصفات العمل



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME II - ENGLISH
STATEMENT OF WORK

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

VOLUME - II
STATEMENT OF WORK (SOW)
EXHIBIT - G - LOGISTICS SUPPLIES & SERVICES
ATTACHMENT - A - LETTERS OF INSTRUCTION (LOI)

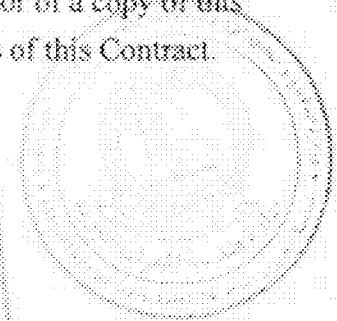
This form in this Annex establishes the standard terms and conditions of the Government Letter of Instruction. Additional terms and conditions shall be added to describe such aspects as details of the equipment, supplies or services to be provided by Contractor and the schedule of payments. The Letter of Instruction shall not be inconsistent with the terms and conditions of the basic contract unless the Government and the Contractor otherwise agree. The sample Letter of Instruction, below contains paragraphs to be used as written when they are applicable. It is recognized that each individual paragraph will not necessarily apply to each Letter of Instruction.

SPECIAL PROCUREMENT LOI

- 1) Pursuant to the proposal agreement or sales contract between the Government and _____ (other entity) this Letter of Instruction is issued in accordance with existing Government procurement directives and constitutes your authority to (description of procurement, including any special provisions, terms or agreements relating to procurement), for the price of (price).
- 2) This procurement is to be provided pursuant to PCA Contract No. _____. The payment schedule is as follows:

(Schedule)

- 3) The above payments shall be made upon presentation by the Contractor of a copy of this LOI with a Contractor invoice in accordance with Financial Conditions of this Contract.



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LETTERS OF INSTRUCTION

- 4) This LOI is an instrument charging the Contractor with the responsibility solely to effect payment for the equipment, supplies, or services specified and referred to in Paragraph 1. It is understood and agreed that the Contractor shall bear no responsibility for payment of taxes, duties, imports or other similar levies arising out of the work to be performed and any equipment or supplies to be provided as a result of this procurement by the Contractor. The Contractor's responsibility in carrying out this procurement is limited to:
- a) issuance of a purchase order on behalf of the Government.
 - b) payment of monies to the Vendor or Contractor with whom the Government has completed the agreement for equipment, services and supplies in amounts specifically authorized by the Government.
- 5) The Government remains solely responsible for all buyer/employer functions and obligations relating to their agreement with Vendors and Contractors identified in this LOI, including, but not limited to site access, approval of the Statement of Work and any changes thereto, all technical interface with the Vendor or Contractor, supervision of the work, scheduling, inspection, delivery, acceptance and payment authorization, maintenance, warranty and all additional costs and damages arising out of performance of work or provision of equipment, supplies or services under Paragraph 1.
- 6) The Contractor, its officers, employees and representatives shall be and hereby are relieved from any and all liability for loss of, damage to, or claims arising out of or connected with such loss or damage to any of the materials, supplies and equipment to be provided to the Government by this procurement. The Government agrees to indemnify and hold harmless the Contractor, its officers, employees and representatives, from and against any and all legal fees and all other costs incident thereto, which may be suffered by, accrued against, charged to or recoverable from the Contractor, its officers, employees or representatives for any reason whatsoever arising out of or connected with the purchase order and the proposals, agreement or sales contract referred to in Paragraph 1 above. Without prejudice to the generality of the foregoing, the Contractor is hereby indemnified and held harmless from any claims for general, special, consequential or other damages of whatsoever kind arising from failure of any equipment to perform according to all and any warranties, whether they be express or implied, that are or may be a part of the agreement between the Government and the Vendor or Contractor.

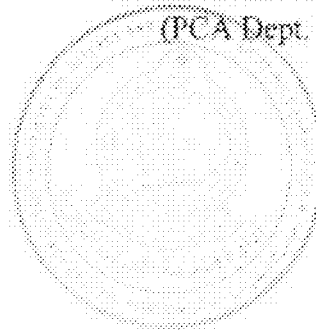


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- 7) In the event the Government has not previously negotiated a performance bond applying to this procurement, the Contractor will obtain a performance bond for _____% of the value of the procurement from the Vendor to the benefit of the Government and in a form acceptable to the Government.
- 8) The terms and conditions of PCA Contract No. _____ insofar as said terms and conditions are consistent herewith are applicable to this Letter of Instruction. In the event of conflict, the terms of this Letter of Instruction shall prevail.
- 9) The Government hereby agrees to amend Letter of Credit No. _____ to extend the validity period of such Letter of Credit up to and including the (date).

(PCA Authority)

(PCA Dept. Approval Authority)



A handwritten signature in black ink, appearing to be a stylized representation of the name "Rashid".

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LETTERS OF INSTRUCTION